MULTIMEDIA UNIVERSITY

STUDENT ID NO

# MULTIMEDIA UNIVERSITY

# FINAL EXAMINATION

**TRIMESTER 1, 2019/2020**

## BIM2094 – INTERNATIONAL MANAGEMENT

(All Sections/Groups)

16 OCTOBER 2019
9.00 a.m – 11.00 a.m
(2 Hours)

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## INSTRUCTIONS TO STUDENT

1. This question paper consists of FOUR pages with **THREE (3)** questions only.
2. Attempt **ALL** the questions. The distribution of the marks for each question is provided.
3. Please write all your answers in the answer booklet provided.

## SECTION A: Case Study (50 Marks)

## QUESTION 1

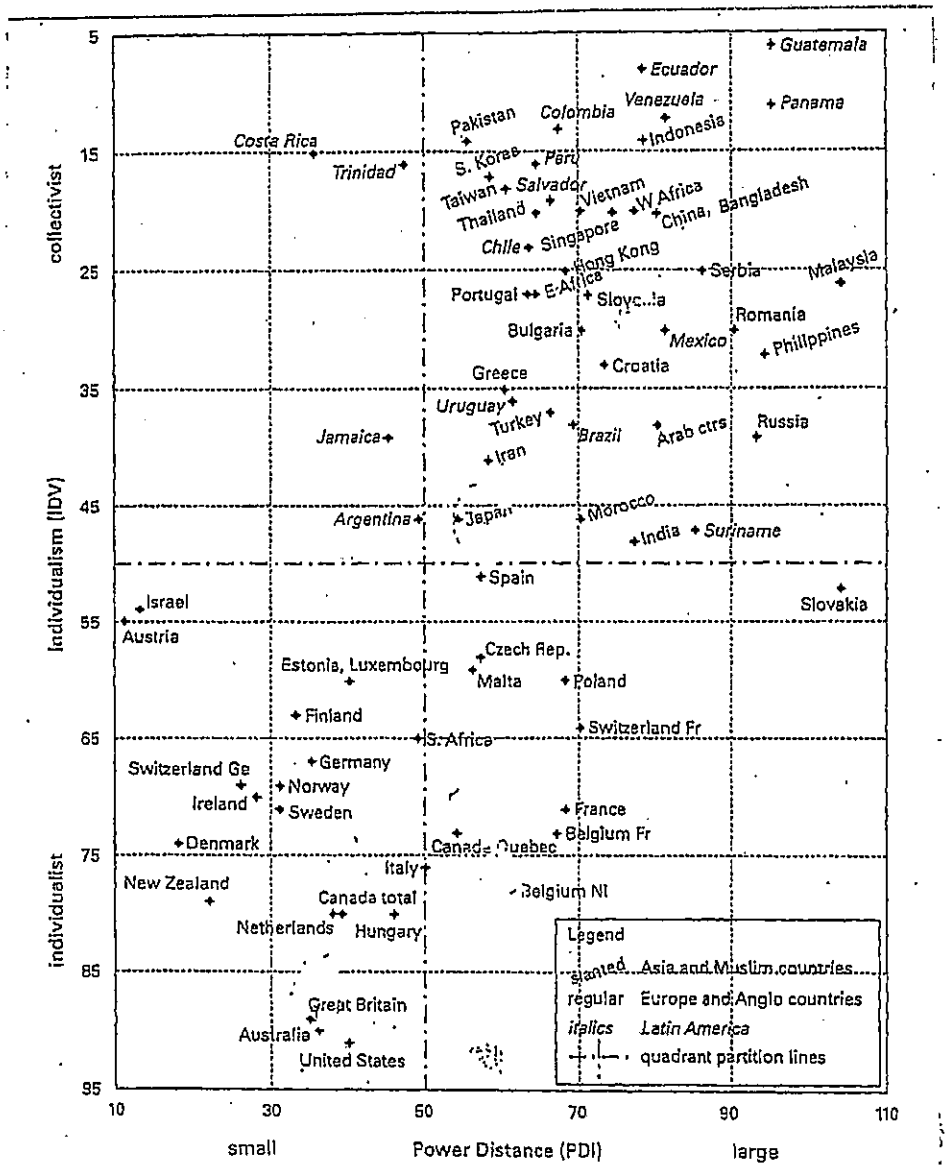
Connie Hatley is a very successful businesswoman who has holdings in a wide variety of industries. Hatley recently was approached by one of the Big Three automakers and offered a multidealership arrangement. In return for investing $50 million in facilities, the auto manufacturer would be willing to give her five dealerships spread throughout the United States. These locations, for the most part, are in rural areas, but over the next decade, these locales likely will become much more populated. In addition, the company pointed out that a large percentage of new cars are purchased by individuals who prefer to buy in rural locations, because prices at these dealerships tend to be lower. Hatley has been seriously considering the offer, although she now has a competitive alternative.

A South Korean auto manufacturer has approached Hatley and offered her the same basic deal. Hatley indicated that she was wary of doing business with a foreign firm so far away, but the Korean manufacturer presented her with some interesting auto sales data: (1) Between 1981 and 2001, the South Korean share of the U.S auto market went from 0 to over 3 percent. (2) South Korean automakers are capturing market share in the United States at a faster rate than any other competitors. (3) New technology is being incorporated into these Korean-built cars at an unprecedented rate, and the quality is among the highest in the industry. (4) Although the Big Three (GM, Ford and DaimlerChrysler) hold a large share of the U.S auto market, their market share among those 45 years of age or younger is declining and being captured by foreign competitors. (5) The South Korean firm intends to increase its share of the U.S market by 20 percent annually.

Hatley is very impressed with these data and forecasts. Recently, however, the Korean auto company's sales and market share have been declining, and she remains uneasy about having to deal with someone located halfway around the world. "If I don't receive scheduled deliveries, whom do I call?" she asked one of her vice presidents. "Also, we don't speak their language. If there is a major problem, how are we going to really communicate with each other? I like the proposal, and I'd take it if I were sure that we wouldn't have communication problems. However, $50 million is a lot of money to invest, if a mistake is made, I'm going to lose a fortune. They did experience some problems last year, and their sales were off that year. Of course, if the South Koreans are right in their long-range forecasts and I have no major problems dealing with them; my return on investment is going to be almost 50 percent higher than it will be with the U.S manufacturer."

Source: Adapted from Luthans and Doh (2012). Foreign or Domestic? *International Management: Culture, Strategy and Behavior* (8 ed, pp 231). McGraw Hill.

## Figure 1: Hofstede's Cultural Dimension Score Sheet

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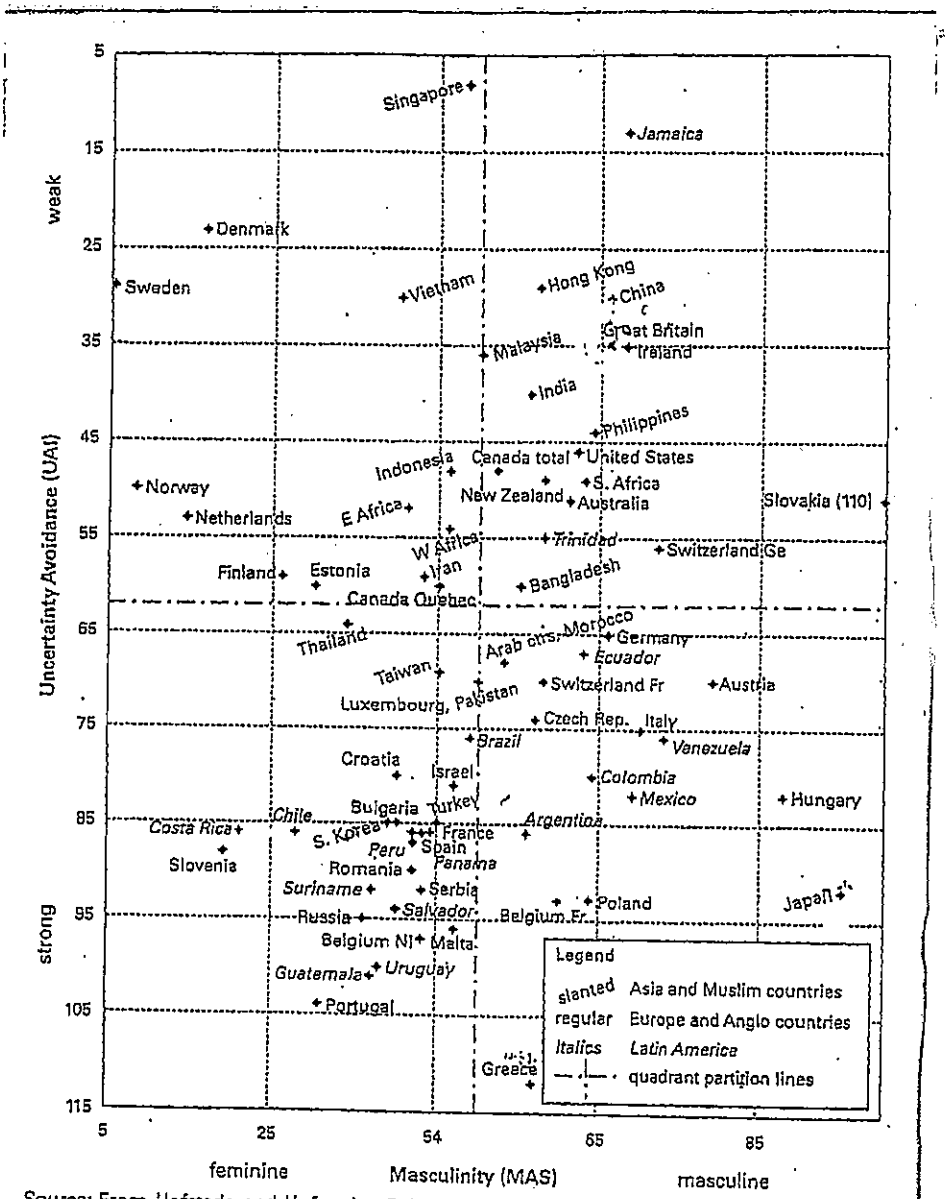
## Figure 2: Hofstede's Cultural Dimension Score Sheet

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a) Explain the specific types of communication problems that Hatley might encounter in dealing with the South Koreans. (10 marks)

b) Using Hofstede's cultural dimensions score sheets in Figure 1 and Figure 2 as a point of reference, compare and explain the **FOUR (4)** cultural differences between U.S and South Korea. (20 marks)

c) Discuss the **FOUR (4)** types of verbal communication styles that the Americans can use to communicate effectively with the South Koreans. (20 marks)

(Total: 50 marks)

## SECTION B: Structured Questions (50 Marks)

## QUESTION 1

a) A foreign-based Multinational Corporation (MNC) would like to set up a manufacturing plant in Malaysia. Analyze any **THREE (3)** Malaysian cultural values and discuss how the MNC should respond to it. (15 marks)

b) A number of factors influence international managers' conclusions about retaining authority or delegating decision making to a subsidiary. Explain any **FOUR (4)** conditions that an international company should opt for decentralization. (10 marks)

(Total: 25 marks)

## QUESTION 2

a) People from different countries may feel comfortable with a specific organizational culture. Discuss based on the existing four types of organizational culture (Family, Eiffel Tower, Guided Missile and Incubator), which type would the Malaysian, German and the American be comfortable with. Provide explanation for each nationality. (15 marks)

b) Choosing candidates for an overseas assignment should be based on certain selection criteria to ensure the overseas assignment is carried out successfully. Select and describe any **FOUR (4)** criteria that you judge to be critical. (10 marks)

(Total: 25 marks)

**End of Paper.**